

Fannie Mae REO and Neighborhood Stabilization: *A Guide for Public Entity and Non- Profit Buyers*

December 2009

Table of Contents

- I. Meet Your Goals
- II. Initiative Overview
- III. Possible Funding Sources
- IV. Neighborhood Stabilization Program (NSP) Background
- V. NSP – Buyer Responsibilities
- VI. Timeline
- VII. Getting Started
- VIII. Questions and Answers

Meet Your Goals

You want...	Fannie Mae provides...
...an equitable opportunity to place responsible occupants in quality homes and keep speculation at bay	<ul style="list-style-type: none"> ■ A “First Look” at properties for buyers using public funds ■ A reserved contract period that gives buyers a chance to renegotiate after obtaining an appraisal
...to implement strategic neighborhood revitalization within the constraints of limited capital and capacity	<ul style="list-style-type: none"> ■ An initiative designed to work with HUD’s Neighborhood Stabilization Program (NSP) ■ A dedicated team to help navigate the process ■ An earnest money waiver for public entities and a discount for individuals (can be as little as \$500)
...to ensure a healthy living environment for residents within your jurisdiction	<ul style="list-style-type: none"> ■ Extra time for due diligence and closing

Initiative Overview: First Look

Fannie Mae has a new initiative designed to help public entities, nonprofits, individual homebuyers and certain for-profit entities that use public funds for the purchase of a Fannie Mae-owned property.

Included is a new “First Look” opportunity designed to help individuals and organizations using public funds.

First Look

During the first 15 days a property is listed for sale, only offers from owner-occupants, public entities or their designated partners will be considered.

Initiative Overview: Additional Benefits

The initiative offers these additional potential benefits:

Reserved Contract Period

Upon receipt of an acceptable offer, buyers have the option to renegotiate their offer after obtaining an NSP-required appraisal.

Deposit Waivers

Fannie Mae will waive the earnest money requirement for public entities* using NSP funds to purchase a Fannie Mae-owned property.

Extra Time

The NSP buyer receives up to 45 days to close - 15 days more than is usually permitted for purchases of Fannie Mae-owned properties.

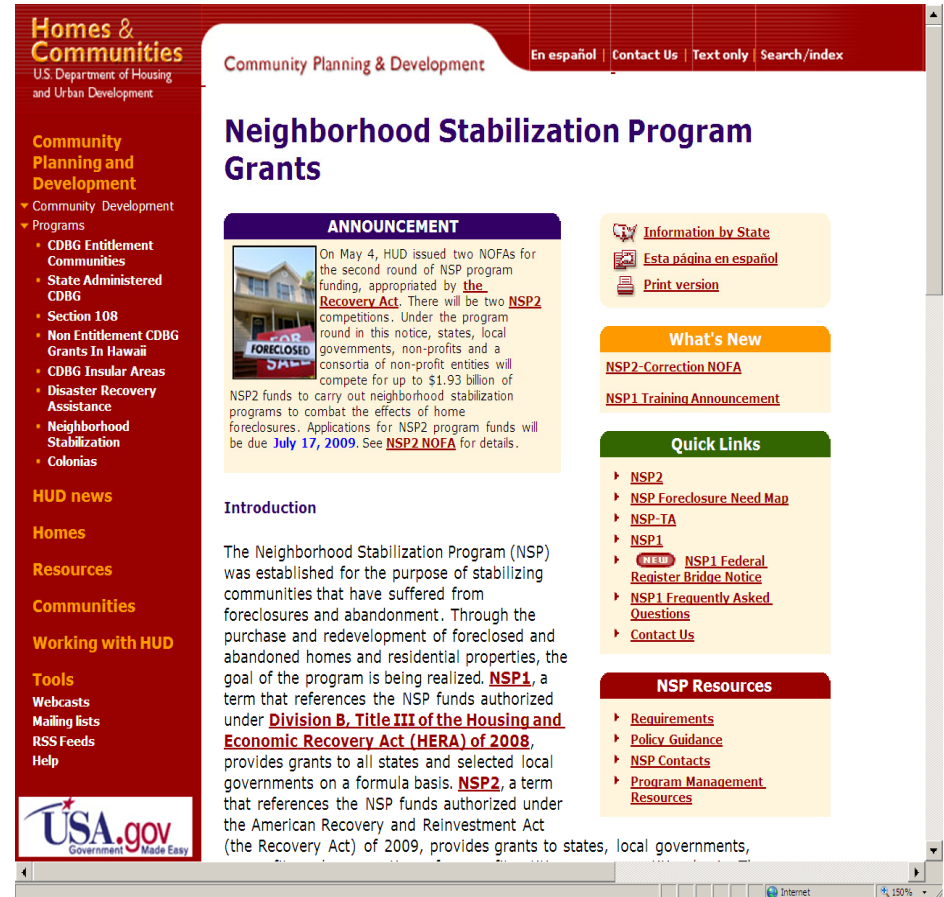
*Individual homebuyers using NSP funds to purchase a Fannie Mae-owned property do not have to meet the full 5% earnest money requirement. Deposits can be as low as \$500.

Possible Funding Sources

- Neighborhood Stabilization Program (NSP) funds
- Other types of public funds that may be used include, but are not limited to:
 - ☐ Community Development Block Grant (CDBG)
 - ☐ HOME Investment Partnerships Program funds
 - ☐ Housing trust funds
 - ☐ Charitable foundation funds
 - ☐ Leveraged private financial institutions and/or consortium funding

Neighborhood Stabilization Program Background

- The Neighborhood Stabilization Program (NSP) was established by the U.S. Department of Housing and Urban Development (HUD) for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.
- Funding allocated in two rounds
 - Round 1 consisted of \$3.92 billion, allocated by formula to states and localities
 - Round 2 will consist of \$1.93 billion disbursed by competitive application
- Recipients of NSP funds must meet HUD requirements, including
 - income eligibility requirements
 - affordability requirements
 - a minimum 1% discount to appraised value for properties purchased using the funds
 - must obligate the funds within 18 months of receipt and spend them within four years.

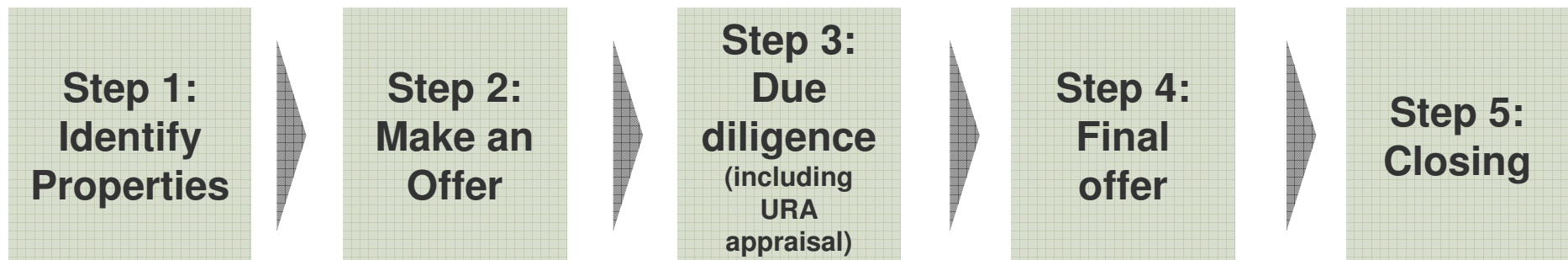


The screenshot shows the HUD Community Planning & Development website. The main heading is "Neighborhood Stabilization Program Grants". Below this, an "ANNOUNCEMENT" box features a photo of a house with a "FORECLOSED" sign and text stating: "On May 4, HUD issued two NOFAs for the second round of NSP program funding, appropriated by the Recovery Act. There will be two NSP2 competitions. Under the program round in this notice, states, local governments, non-profits and a consortia of non-profit entities will compete for up to \$1.93 billion of NSP2 funds to carry out neighborhood stabilization programs to combat the effects of home foreclosures. Applications for NSP2 program funds will be due July 17, 2009. See NSP2 NOFA for details."

The left sidebar contains a navigation menu with links to "Community Planning and Development", "Community Development", "Programs", "HUD news", "Homes", "Resources", "Communities", "Working with HUD", and "Tools". The right sidebar includes sections for "Information by State", "What's New" (with links to NSP2-Correction NOFA and NSP1 Training Announcement), "Quick Links" (with links to NSP2, NSP Foreclosure Need Map, NSP-1A, NSP1, NSP1 Federal Register Bridge Notice, NSP1 Frequently Asked Questions, and Contact Us), and "NSP Resources" (with links to Requirements, Policy Guidance, NSP Contacts, and Program Management Resources).

www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg

NSP - Buyer* Responsibilities



***In the context of this presentation, “Buyer” refers to a public entity or a designated nonprofit or for-profit partner**

NSP - Buyer Responsibilities

Step 1: Identify Properties

- **Secure a “proof of NSP eligibility”** form from public entity (if buyer is not a public entity)
- **Research and visit homes** that meet NSP program requirements, including Fannie Mae-owned homes (www.homepath.com)

Outcomes/Goals:

NSP eligibility determined by public entity

NSP - Buyer Responsibilities

- HomePath.com allows potential buyers to search through Fannie Mae's REO inventory to find properties that meet their criteria.
- HomePath.com has a new feature, Property Alert, which e-mails subscribers when properties come on the market in their desired ZIP code.



HomePath.com
by Fannie Mae

En Español

Home HomePath Financing Special Offers Real Estate Professionals About Fannie Mae Homes

HomePath.com brings you weekly open houses right where you want to live!
Your Open House Listings Source!

[start your search right now! >](#)

Search **Financing**

State: County:

City: Zip Code:





REO ID: MLS ID:

Price: (\$) Bedrooms: Bathrooms:
 Min. Max. Any Any

[Search](#) [Advanced Search](#)

Map Search
Click on a state or territory below to begin your search

Featured Homes

 Houston, TX 4 bd / 1 ba 1305 sq.ft \$25,000	 Casper, WY 2 bd / 1 ba 640 sq.ft \$94,000	 Portsmouth, VA 3 bd / 1 ba 864 sq.ft \$90,000	 Brownsdale, MN 3 bd / 2 ba 1976 sq.ft \$79,900	 Laveen, AZ 4 bd / 2 ba 1894 sq.ft \$102,000
---	--	--	---	--

Related Links

- ▶ Monthly Payment Calculator
- ▶ Mortgage Amortization Calculator
- ▶ **HomePath Property Alert**
- ▶ Find lenders who offer HomePath financing
- ▶ Get information on foreclosure prevention and making home affordable

NSP - Buyer Responsibilities

- HomePath Property Alert subscription is easy.
- This is a great way to keep track of new listings in target NSP zip codes.


[En Español](#)

[Home](#)
[HomePath Financing](#)
[Special Offers](#)
[Real Estate Professionals](#)
[About Fannie Mae Homes](#)

Home >> Alerts



HOMEPath PROPERTY ALERT SUBSCRIPTION

Sign up today and receive FREE daily email listing alerts.

I want to receive listing alerts in this zip code:

Zip Code*:

Entering a zip code will create an alert with all available listings in that county.

I'd like the listing alerts sent to:

First Name*: Last Name*:

Email*:

Confirm Email*:

☐ By signing up, I confirm my agreement with Fannie Mae.com's [Legal Disclosure](#) and [Privacy Policy](#).


FannieMae ©1998-2009 Fannie Mae
 [Privacy](#) | [Legal](#) | [FAQ](#) | [Contact Me](#)
 Equal Housing Opportunity

[HomePath Financing](#) | [Special Offers](#) | [Real Estate Professionals](#) | [About Fannie Mae Homes](#) | [Find Lenders](#) | [Property Alert](#) | [Get Information](#)

Search powered by foreclosure.com

NSP - Buyer Responsibilities

Step 2: Make an offer

- **Verify** that the targeted property meets NSP program requirements
- Communicate to Fannie Mae listing broker that the offer will be using NSP funds – and specify the local NSP program-required discount
- Obtain from the Fannie Mae listing broker the **local or state contract and the Fannie Mae purchase addendum** document
- Work with a real estate sales professional and the Fannie Mae listing broker to **submit an initial offer**
- Initial offer may be subject to negotiation if Fannie Mae does not approve initial offer

Outcomes/Goals:

Eligible property identified and initial offer made

NSP - Buyer Responsibilities

Step 2: Make an offer (continued)

- When submitted, an **initial offer should include:**
 - Proof that the buyer is eligible for NSP assistance (if buyer is not public entity)
 - Purchase addendum, which will specify the NSP discount the public entity requires
 - Specified closing date (within a maximum 45 days after acceptance of the offer by Fannie Mae)
 - Any other requirements that are important to the buyer

Outcomes/Goals:

Eligible property identified and initial offer made

NSP - Buyer Responsibilities

Step 3: Due diligence

- If the initial offer is accepted, inspect property and procure a **Uniform Residential Appraisal (URA)** within 10 days of offer acceptance. Copies are sent to the public entity and the lender
- **Submit revised offer** within five days of receipt of URA appraisal if initial offer is not NSP-compliant and the buyer needs to renegotiate. Otherwise, the initial offer becomes final and buyer proceeds to Step Five
 - Be sure to **communicate URA value** to the Fannie Mae listing broker
 - A maximum of 15 days are allowed from original contract date to resubmit offer
- Obtain from the Fannie Mae listing broker a **contract amendment** stating the final offer

Outcomes/Goals:

Appraisal obtained, contract amendment with final purchase price developed

NSP - Buyer Responsibilities

Step 4: Final offer

- If necessary, **sign the contract amendment** and submit it to the Fannie Mae listing broker
- The **signed contract, along with signed amendment (if necessary), represents the final offer**, which will be reviewed by Fannie Mae and any applicable third parties

Outcomes/Goals:

Contract amendment signed

NSP - Buyer Responsibilities

Step 5: Closing

- If the final offer is accepted, **follow the traditional process for closing** on the home
- **Coordinate with the NSP funds provider** to determine specific requirements for accessing funds and closing on the property (for designated partners, if necessary)

Outcomes/Goals:

Homebuyer moves into new home

How to Get Started

- Talk with your Fannie Mae representative (see map on following page)

Contact: Fran Pheeny

Phone: 617-345-8043

E-mail: frances_m_pheeny@fanniemae.com

Contact: Calvin Richardson

Phone: 860-687-1901

E-mail: calvin_richardson@fanniemae.com



Local Contacts

Fannie Mae Community Development REO Sales Team



Questions?

Thank you!